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C O N F I D E N T I A L SECTION 01 OF 02 DHAKA 001036

SIPDIS

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TAGS: [ELAB](#) [ECON](#) [ETRD](#) [PHUM](#) [PREL](#) [BG](#)
SUBJECT: VIOLENCE LEADS TO CALLS FOR GREATER TRADE UNIONISM
IN BANGLADESH,S GARMENT,S SECTOR

REF: A. DHAKA 1005
[1](#)B. DHAKA 405

Classified By: Classified By: Ambassador James F. Moriarty. Reasons 1.
4(b) and (d)

Summary

[1](#)1. (SBU) Three individuals died and over 100 were injured following unrest at a garments factory outside Dhaka in late October, leading to renewed moves by the Government of Bangladesh to develop and strengthen trade unions in the sector. Disgruntled workers allege that a factory owner had suddenly announced closure of the factory without paying three months back wages. The owner claimed, however, that he had shut down the factory because of falling work orders and that all wages would be paid in full. The factory owner and the President of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), suggested that local political interests were likely to have had a hand in the rioting. This recent spate of violence demonstrates the fragility of labor-management relations in the garments sector.

Sudden closure provokes rioting

[1](#)2. (SBU) On October 31, a large group broke into the Nippon Garments Factory outside Dhaka after the owner announced that the factory was closing. Rioters clashed with the police who were posted around the premises to prevent damage to the property. Three bystanders were killed and over 100 were injured in the subsequent rioting. Workers argue that the owner had failed to provide any advance warning about the factory,s closure and pay back wages. Worker,s rights organizations concur, alleging that the factory owner had failed to pay overtime to his employees and that he had a history of late payment of salaries. The owner disputes this claim, saying that he was current in his payments and that he was due to give the workers their final salaries in a matter of days.

Rivalries and political interests may have a hand

[1](#)3. (C) The owner of Nippon Garments Factory alleges that rival businessmen backed by local leaders of the ruling Awami League (AL) had been pressuring him to sell his factory,s machinery and offer other concessions at a discounted rate. He suggests that "outsiders" rather than his own employees were behind the violence and destruction. He also pointed out that temporary factory closures were not uncommon in the industry, especially in the current economic climate, and

that the employee association had accepted his decision to shut down the factory for an unspecified period of time.

¶4. (C) The President of the BKMEA speculated that business rivals might have capitalized on the workers, sense of insecurity following the closure, to foment unrest. He added that in many similar cases, such groups often elicit support from local members of the ruling party.

Trade unions as the solution?

¶5. (SBU) Following the violence, the Prime Minister instructed the Home Secretary to take necessary action against the factory owner. The Ministry of Labor announced the formation of a 12 member committee to formulate measures designed to increase the prevalence of factory-based trade unions in the garments sector. While the country,s labor law permits full freedom of association, levels of union activity in the garments sector are extremely low. According to the American Center for International Labor Solidarity (ACILS), large union federations are loosely connected with workers in approximately 30 - 40 percent of garment factories. In those factories they provide assistance to workers but have no formal presence. ACILS estimates that only 5 - 10 percent of factories in the garments sector are unionized. The garments industry employs roughly 2 million workers over 75 percent of whom are women.

¶6. (C) The BKMEA President questioned the government,s decision to promote trade unionism and asserted that workers

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were generally not interested in forming unions in the garment sector. He added that workers often did not remain at their places of employment for long periods of time and were therefore focused more on short term gains rather than collective bargaining for long term gains. He admitted that employers disliked labor unions, viewing organized labor as excessively "militant" and vulnerable to manipulation by the political parties for partisan purposes.

Comment

¶7. (C) Bangladesh,s garments sector continues to suffer growing pains despite being the engine of the country,s economic growth. Many factory owners routinely underpay their workers or pay salaries late. Relations between labor and management remain fraught with tension. Strife from one factory has the potential to spread and affect others. Given the presence of local rivalries and political interests, the problems defy any easy solution. The GOB has correctly identified improving workers rights as a priority. In this regard, the Government,s measures are a step in the right direction. The trick will be to develop non politicized trade unions in the garments sector. In a recent visit to Bangladesh, Assistant U.S. Trade Representative, Michael Delaney, tied progress on labor issues to trade preferences (Reftel A). Post will continue to urge all parties to work together to achieve additional progress.
MORIARTY